

## **§ 597.502**

### **§ 597.502 Nominations by economic development corporations or the District of Columbia.**

Any urban area nominated by an Economic Development Corporation chartered by the State in which it is located or by the District of Columbia shall be treated as nominated by a State and local government.

### **§ 597.503 Use of census data.**

Population and poverty rate data shall be determined by the most recent decennial census data available.

## **PART 598—URBAN EMPOWERMENT ZONES: ROUND TWO AND THREE DESIGNATIONS**

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AUTHORITY: 26 U.S.C. 1391; 42 U.S.C. 3535(d).

SOURCE: 63 FR 19155, Apr. 16, 1998, unless otherwise noted.

### **Subpart A—General Provisions**

#### **§ 598.1 Applicability and scope.**

(a) This part establishes policies and procedures applicable to the second and third rounds of designations of urban Empowerment Zones, authorized under Subchapter U of the Internal Revenue Code of 1986 (26 U.S.C. 1391, et seq.), as amended. Any reference to, or requirement of, Round II in this part is also a reference to, or requirement of, Round III.

(b) This part contains provisions relating to area requirements, the nomination process for urban Empowerment Zones, and the designation and evaluation of these Zones by HUD. Provisions dealing with the nomination and designation of rural Empowerment Zones are issued by the Department of Agriculture.

[63 FR 19155, Apr. 16, 1998, as amended at 66 FR 35855, July 9, 2001]

#### **§ 598.2 Objective and purpose.**

The purpose of this part is to provide for the establishment of Empowerment Zones in urban areas, to stimulate the creation of new jobs—empowering low-income persons and families receiving public assistance to become economically self-sufficient—and to promote revitalization of economically distressed areas.

#### **§ 598.3 Definitions.**

In addition to the definitions of “HUD” and “Secretary” found in 24

CFR 5.100, the following definitions apply to this part.

*Census tract* means a census tract, as the term is used by the Bureau of the Census, or, if census tracts are not defined for the area, a block numbering area.

*Designation* means the process by which the Secretary designates urban areas as Empowerment Zones eligible for tax incentives and credits established by Subchapter U of the Internal Revenue Code of 1986, as amended (26 U.S.C. 1391, *et seq.*) and for special consideration for programs of Federal assistance.

*Developable site* means a parcel of land in a nominated area that may be developed for commercial or industrial purposes.

*Empowerment Zone* means an urban area so designated by the Secretary in accordance with this part.

*HHS* means the U.S. Department of Health and Human Services.

*Local government* means any county, city, town, township, parish, village, or other general purpose political subdivision of a State, and any combination of these political subdivisions that is recognized by the Secretary.

*Nominated area* means an area nominated by one or more local governments and the State or States in which it is located for designation in accordance with this part.

*Revocation of designation* means the process by which the Secretary may revoke the designation of an urban area as an Empowerment Zone. (See subpart E of this part.)

*State* means any State of the United States.

*Urban area* means:

(1) An area that lies inside a Metropolitan Statistical Area (MSA), as designated by the Office of Management and Budget; or

(2) An area outside an MSA if the jurisdiction of the nominating local government documents:

(i) The urban character of the area, or

(ii) The link between the area and the proposed area in the MSA.

[63 FR 19155, Apr. 16, 1998, as amended at 72 FR 71016, Dec. 13, 2007]

#### § 598.4 Period of designation.

The designation of an urban area as an Empowerment Zone will remain in full effect during the period beginning on the date of designation and ending on the earliest of:

(a) The close of the tenth calendar year beginning on the date of designation;

(b) The termination date designated by the State and local Governments in their application for nomination; or

(c) The date the Secretary modifies or revokes the designation.

### Subpart B—Eligibility Requirements

#### § 598.100 Eligibility requirements.

A nominated urban area is eligible for designation in accordance with this part only if the area:

(a) Has a maximum population that is the lesser of:

(1) 200,000; or

(2) The greater of 50,000 or ten percent of the population of the most populous city located within the nominated area;

(b) Is one of pervasive poverty, unemployment and general distress, as described in § 598.110;

(c) Does not exceed twenty square miles in total land area, excluding up to three noncontiguous developable sites that are exempt from the poverty criteria;

(d) Has a continuous boundary, or consists of not more than three noncontiguous parcels meeting the poverty criteria, and not more than three noncontiguous developable sites exempt under § 598.115(c)(1) from the poverty rate criteria;

(e) Is located entirely within the jurisdiction of the unit or units of general local government making the nomination, and is located in no more than two contiguous States; and

(f) Does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the poverty rate for each census tract in the district is not less than 35 percent.

#### § 598.105 Data used for eligibility determinations.

(a) *Source of data.* The data to be used in determining the eligibility of an